

Chapter 1

Introduction

1.1 On 17 June 2014, the Senate referred the Private Health Insurance Amendment (GP Services) Bill 2014 (Bill) to the Community Affairs Legislation Committee (committee) for inquiry and report by 4 September 2014.¹ The Bill was introduced into the Parliament as a private senator's bill by Senator Richard Di Natale on 27 March 2014.²

Purpose and key provision

1.2 The Bill seeks to amend the *Private Health Insurance Act 2007* (Act) to clarify that private health insurers may not enter into arrangements with primary care providers that provide preferential treatment to their insured members.³

1.3 Item 1 in Schedule 1 of the Bill inserts new Part 3-7—GP Services into the Act, including proposed new section 105-5 (key provision):

(1) A private health insurer must not enter into an agreement or arrangement that provides for:

(a) GP services to be rendered to persons insured under *private health insurance policies issued by the private health insurer; or

(b) persons insured under private health insurance policies issued by the private health insurer to have preferential access to GP services;

Example: Access to a GP out of hours, when uninsured patients do not have access to the GP out of hours.

unless the Private Health Insurance (Health Insurance Business) Rules provide otherwise.⁴

1.4 'GP Service' will mean a service rendered in Australia by a 'general practitioner' (GP) (as defined in section 3 of the *Health Insurance Act 1973*), which is *general treatment (disregarding subsection 121.10(3) of the Act) and for which a *Medicare benefit is payable.⁵

1.5 In his second reading speech, Senator Di Natale argued that, due to Medicare, equity, efficiency and quality are features of the Australian health system. However, there are 'some worrying signs to indicate that Medicare as we know it is under threat'.

1 *Journals of the Senate*, No. 31–17 June 2014, pp 888-889.

2 *Journals of the Senate*, No. 26–27 March 2014, p. 749.

3 Explanatory Memorandum (EM), p. 2.

4 An asterisk preceding a term—for example '*private health insurance'—denotes that the term is defined in the Dictionary in Schedule 1 of the *Private Health Insurance Act 2007*. Other examples of preferential treatment might include earlier access to appointments or access to cheaper appointments: see EM, p. 2.

5 Proposed new subsection 105.5(2) of the *Private Health Insurance Act 2007*.

Senator Di Natale was expressly concerned at the potential for the creation of a two tiered system and the possibility of escalating health care costs should private health insurers enter the sphere of primary care.⁶

1.6 Senator Di Natale referred specifically to a trial being conducted in Queensland by Medibank (GP Access program).⁷ The GP Access Program comprises three key elements:

Same-day appointments – when members call one of the participating GP clinics before 10am weekdays they are guaranteed an appointment for that day. If members call later, the clinic will do their best to fit them in.

Fee-free consultations – members who show their Medibank card at a participating clinic or who use the after-hours GP will receive the consultation fee-free.

After-hours GP home-visits – members in metro areas can access an after-hours home GP visit within three hours.⁸

Conduct of the inquiry

1.7 Details of the inquiry, including links to the Bill and associated documents, were placed on the committee's website.⁹ The committee also wrote to 12 individuals and organisations, inviting submissions by 18 July 2014. Submissions continued to be accepted after that date.

1.8 The committee received 10 submissions, which are listed at Appendix 1. All submissions were published on the committee's website.

1.9 The committee held a public hearing in Sydney on 20 August 2014. A list of witnesses who appeared at the hearing is at Appendix 2, and the *Hansard* transcript is available through the committee's website.

Acknowledgement

1.10 The committee thanks those organisations who made submissions and who gave evidence at the public hearing.

Note on references

1.11 References to the committee *Hansard* are to the proof *Hansard*. Page numbers may vary between the proof and the official *Hansard* transcript.

6 *Senate Hansard*, 27 March 2014, p. 2268.

7 The Department of Health noted however that there are other private health insurers who have engaged external providers to arrange GP services for their members (HCF, Bupa, Healthscope): see *Submission 10*, p. 1.

8 Medibank, *Submission 7*, p. 5.

9 See: http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs